

ER 63-5263/a

12 July 1963

Dear Orville:

In response to your invitation, I am enclosing some requests for information about Soviet Bloc agriculture, which we believe you could appropriately discuss with Communist officials during your forthcoming trip.

You may also wish to examine a list of questions which are being prepared for your assistant, Mr. Eugene T. Olson, at his request and which will be delivered to him today.

We appreciate the opportunity to submit these materials to you. I wish you success in all aspects of your trip.

Sincerely,

Enclosure

The Honorable Orville L. Freeman
Secretary of Agriculture
Washington 25, D. C.

STAT OAD/RR: [redacted] 3 July 63

Retyped O/DDI 8 July 63

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DD/I - 8 Jul 63

NOTED BY EX. DIR.

9 JUL

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3 July 1963

SUGGESTED QUESTIONS FOR SECRETARY FREEMAN'S DISCUSSION
WITH SOVIET BLOC AGRICULTURAL OFFICIALS

1. Has the basis of Soviet reporting of the production of grain been changed since the period 1953-57?

In view of the stagnation which presently exists in Soviet agriculture and Khrushchev's direct interest and personal involvement in the major programs for agriculture it is important that we be able to calculate Soviet agricultural outputs with reasonable accuracy. Khrushchev might be drawn out on this point if it were suggested that we believe the production reports from Soviet farms beginning in 1958 have been grossly inflated.

Prior to 1958 our estimates of Soviet grain production correlated closely with official Soviet figures and the differences which existed were easily attributable to excess trash and moisture or abnormal post-harvest losses. Beginning in 1958 our estimates, which are based on weather, inputs, and long-run yields have differed from official Soviet data to the point where we judge that the cumulative exaggeration in the official data over the past 5 years has exceeded 100 million tons, or about 20 percent. Discrepancies of this magnitude, in view of the close correlation of our estimates with official figures in the past, strongly suggest that a change in the basis of Soviet statistical reporting was made in 1958. Support for this contention is the mention on page 16, in a Soviet book Spravochnik Economista (Economists' Handbook), Tbilisi, 1960, of Instruction No. 1604 of the Central Statistical Administration, dated 23 April 1958, which apparently contains instructions for determining the size of the grain crop among others. Previous attempts by the US Agricultural Attaché in Moscow to obtain a copy of this instruction have not been fruitful.

2. What is the history and present state of the Soviet experimental plot program?

We would like very much to obtain a compilation of experimental plot data for the Soviet Union covering a series of years. Mr. [redacted] [redacted], chief of the Outlook and Projections Branch, ERS, in a meeting of experts on agricultural projections held between 25 February and 1 March 1963 in Geneva, learned from Mr. A. Kaminsky of the USSR that there were some 1,500 test plots for different varieties of crops in the Soviet Union. A compilation of yield data together with information on varieties and input variables, particularly fertilizer application,

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from these test plots would be useful in estimating the production potential of Soviet agriculture and in evaluating the effect of weather on Soviet crop yields. We understand that the Soviets have received extensive data on the U.S. experience with experimental plots, furnished to them by the Department of Agriculture following Soviet requests.

3. How do the Soviets expect to increase the production of mineral fertilizer as rapidly as the Minister of Agriculture now claims they will?

Mr. Volovchenko, Minister of Agriculture, recently indicated in a Soviet newspaper that the planned goal for the production of mineral fertilizers in the USSR by 1965 is now 47 million metric tons. Previous to Mr. Volovchenko's statement we had understood that the fertilizer goal for 1965 was 35 million metric tons. The larger figure may be the result of a redefinition of mineral fertilizer or, less likely, an error. Only 17.3 million tons were produced in 1962.

If the production of fertilizer is to be stepped up sharply, what concurrent measures (storage and distribution facilities, etc.) are to be taken to insure the efficient use of the much greater quantity of mineral fertilizers? The Soviets have admitted that one-fourth of the mineral fertilizers available in recent years has been wasted.

4. In view of the huge expenditures required to bring such a volume of mineral fertilizer production facilities into operation and to utilize their output, how is such a large increase in such a short time to be realized without substantial sacrifices in other priority fields such as space, defense, etc.?

According to one Soviet source (*Voprosy Ekonomiki No. 1, 1963*) the investment cost to the chemical industry to achieve 20 million tons of new production is about 2 billion rubles (2.22 billion dollars), and production costs, about 1.3 billion rubles (1.44 billion dollars). Indirect costs of such a program (to utilize the material in agriculture) would be in addition to these primary costs.

5. (To Yugoslavian and Polish officials) To what do you attribute your success in agriculture relative to other Satellite countries?

Comparison of levels of agricultural output in 1957-60 with output in 1953-56 shows that output increased much faster in Yugoslavia than in any other Satellite country, and that output in Poland is ahead of the Satellite average. To a large degree private agriculture has been restored in both countries, which seems primarily responsible for their relatively favorable performance. An official admission that this is the primary reason would have very great propaganda value to us.



DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

WASHINGTON 25, D.C.

6/27/63 C.M.

June 27, 1963

Administratively Confidential

Honorable John A. McCone
Director
Central Intelligence Agency
Washington, D.C.

Dear John:

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Your Mr. [redacted] met with some of us for a preliminary briefing looking to my trip next month to the Soviet and Iron Curtain countries. They were very helpful. Thank you for your courtesy.

I am only now beginning to get into this subject and as we bring together and into focus available information it strikes me that it would be useful to approach the whole question of Communist agriculture from the other side, to wit, what would the CIA like to know about agriculture in these countries that you do not know. I am sure that you have, and I know that we have, most of the pertinent information although it is difficult to evaluate its accuracy. However, there are certain facts which ought to be sought out that we do not have. Further there are some judgments which can perhaps best be made on the ground in consultation.

Since my visit will be an official exchange and we were very open and generous with the Soviet Minister a year ago, we are in a position, I think, to be fairly insistent in seeking information.

I would appreciate your review of this and would welcome any advice you might have as to what we should seek out from the standpoint of the CIA.

Best regards.

Sincerely yours,

Qualls

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Remarks:

Letter to Secretary of Agriculture for
DCI signature forwards questions
Secretary Freeman may profitably use
in discussion with Soviet officials.
Prepared in response to Secretary's
request to DCI.

STAT

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